

**Touche
Ross**

Member of Touche
Ross International
Chartered Accountants



Company Registration No. 949665

**AUTOMATIC DATA PROCESSING
LIMITED**

Report and Financial Statements

30 June 1994

**Touche Ross & Co.
Hill House
1 Little New Street
London EC4A 3TR**



REPORT AND FINANCIAL STATEMENTS 1994

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REPORT AND FINANCIAL STATEMENTS 1994

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P J Griffiths
P S Lafer (USA)
J S Weston (USA)

SECRETARY

Legibus Secretaries Limited
200 Aldersgate Street
London EC1A 4JJ

REGISTERED OFFICE

ADP House
2 Pine Trees
Chertsey Lane
Staines
Middlesex TW18 3DS

BANKERS

Barclays Bank PLC
High Street,
Staines
Middlesex TW6 2AH

The Royal Bank of Scotland plc
Drummond's Branch
49 Charing Cross
Admiralty Arch
London SW1A 2DX

SOLICITORS

Clifford Chance
200 Aldersgate Street
London EC1A 4JJ

AUDITORS

Teuche Ross & Co.
Chartered Accountants
Hill House
1 Little New Street
London EC4A 3TR

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 June 1994.

RESULTS, DIVIDENDS AND TRANSFERS TO RESERVES

The results for the year ended 30 June 1994 are as follows:

	1994 £	1993 £
Profit before taxation	1,176,751	934,705
Profit after taxation	814,641	598,979

The directors do not propose a final dividend for the year and the retained profit of £814,641 (1993 - £598,979) has been transferred to reserves.

REVIEW OF THE BUSINESS

The company's principal activity is the provision of computing services.

Turnover for the year was £7,386,388, an increase on the previous year of 14%.

The directors believe that the revenue from their main payroll business will continue to increase during the coming year and, although the economic situation remains difficult, they believe the business will continue to prosper.

FIXED ASSETS

The company has continued to improve its assets and during the year spent £600,837 on new/replacement assets (see note 6 to the accounts).

RESEARCH AND DEVELOPMENT

The company is continuing its search for additional applications and processing methods both in the United Kingdom and together with other European ADP companies and its American parent.

FUTURE PROSPECTS

The directors consider that 1994/95 will be a year of promising trading conditions. With the continued support of its employees and other ADP group companies, the company expects to fulfil its plans.

EVENTS SINCE THE END OF THE YEAR

The sales position since the end of the year is encouraging and the directors are still optimistic of continued growth.

DIRECTORS

The existing membership of the Board is set out on page 1. All directors served throughout the year.

The directors have no beneficial interest in the share capital of the company or any other company within the UK group.

POLITICAL AND CHARITABLE DONATIONS

The company made no political or charitable donations in the year.



AUTOMATIC DATA PROCESSING LIMITED

DIRECTORS' REPORT

CLOSE COMPANY STATUS

The close company provisions of the Income and Corporation Taxes Act 1988 do not apply to this company.

AUDITORS

Touche Ross & Co. have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

For and on behalf of Legibus Secretaries Limited

Secretary

8 November 1994

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Touche
Ross**



Chartered Accountants

Touche Ross & Co
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AUTOMATIC DATA PROCESSING LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 6 to 12 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Touche Ross & Co

Chartered Accountants and
Registered Auditors

/s/ November 1994

**Deloitte Touche
Tohmatsu
International**

Albany, Bath, Belfast, Birmingham, Bournemouth, Bracknell, Bristol, Cambridge, Cardiff,
Canterbury, Clonmel, Darford, Doncaster, Glasgow, Leeds, Leicester, Liverpool, London,
Manchester, Milton Keynes, Newcastle upon Tyne, Nottingham and Southampton.
Principal place of business at which a set of partners' names is available:
Peterborough Court, 133 Fleet Street, London EC4A 3TH

Authorised by the Institute of Chartered Accountants in England and Wales to carry on
investment business

PROFIT AND LOSS ACCOUNT
Year ended 30 June 1994

	Note	1994 £	1993 £
TURNOVER	2	7,386,388	6,489,434
Cost of sales		<u>(4,884,025)</u>	<u>(4,453,703)</u>
Gross Profit		2,502,363	2,035,731
Distribution costs		(420,660)	(389,038)
Administrative expenses		<u>(914,650)</u>	<u>(769,876)</u>
OPERATING PROFIT	4	1,167,053	876,817
Interest receivable		<u>9,698</u>	<u>57,888</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,176,751	934,705
Tax on profit on ordinary activities	5	<u>(362,110)</u>	<u>(335,726)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		814,641	598,979
Profit and loss account brought forward		<u>3,270,703</u>	<u>2,671,724</u>
Profit and loss account carried forward		4,085,344	3,270,703

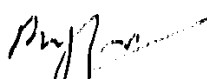
All activities derive from continuing operations. There are no movements in shareholders' funds or recognised gains and losses for the current financial year and preceding financial year other than as stated in the profit and loss account.

BALANCE SHEET
30 June 1994

	Note	1994 £	1993 £
FIXED ASSETS			
Tangible assets	6	<u>796,483</u>	<u>626,155</u>
CURRENT ASSETS			
Stocks	7	88,292	65,266
Debtors	8	3,584,738	3,714,483
Cash at bank and in hand		<u>872,990</u>	<u>507,530</u>
		<u>4,546,020</u>	<u>4,287,281</u>
CREDITORS: amounts falling due within one year			
Trade creditors		336,461	361,696
Other creditors including taxation and social security	9	188,706	552,407
Accruals		<u>231,992</u>	<u>228,630</u>
		<u>757,159</u>	<u>1,142,733</u>
NET CURRENT ASSETS		<u>3,788,861</u>	<u>3,144,548</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,585,344</u>	<u>3,770,703</u>
CAPITAL AND RESERVES			
Called up share capital	11	500,000	500,000
Profit and loss account		<u>4,085,344</u>	<u>3,270,703</u>
		<u>4,585,344</u>	<u>3,770,703</u>

These financial statements were approved by the Board of Directors on 8 November 1994.

Signed on behalf of the Board of Directors


P J Griffiths
Director

NOTES TO THE ACCOUNTS
Year ended 30 June 1994

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted by the directors are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Computer installation	33 to 50% per annum
Fixtures and fittings	10 to 50% per annum

Stocks

Stocks of paper and computer consumables are valued at the lower of cost and net realisable value. Cost represents the invoiced costs of purchase.

Research and Development

Internal research and development is charged to the profit and loss account as incurred.

Repairs and renewals

Expenditure on repairs and renewals is charged to the profit and loss account as incurred.

Deferred Taxation

Deferred taxation is provided on timing differences arising from the different treatment of items for accounting and taxation purposes, which are expected to reverse in the future, calculated at the rates at which it is expected that tax will arise.

Foreign Exchange

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are recorded at the rates ruling at the dates of the transactions.

All differences are taken to the profit and loss account.

Leases

Rental charges under operating leases are charged to profit and loss as incurred over the periods of the leases.

Pensions

The company operates a money purchase scheme for qualifying employees. Pension costs for this scheme are charged to the profit and loss account in the period in which they arise. The expected cost of providing pensions for the defined benefit scheme, as calculated periodically by professionally qualified actuaries, is charged to the profit and loss account so as to spread the cost over the service lives of employees in the scheme in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

Turnover is amounts invoiced, excluding VAT, to third parties in the United Kingdom and represents:

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The other director received no remuneration during the year (1993 - £nil).

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NOTES TO THE ACCOUNTS
Year ended 30 June 1994

4. OPERATING PROFIT

	1994 £	1993 £
Operating profit is after charging:		
Rentals under operating leases		
Vehicle contract hire	216,692	237,877
Other operating leases	279,343	321,874
Depreciation	423,073	409,431
Auditors' remuneration	13,200	12,000

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1994 £	1993 £
UK Corporation tax at 33% based on the profit for the year (1993 - 33%)	-	372,871
Group relief	406,126	-
	406,126	372,871
Adjustments to prior years' tax provisions	(44,016)	(37,145)
	362,110	335,726

6. TANGIBLE FIXED ASSETS

	Total £	Computer Installation £	Fixtures and fittings £
Cost			
At 1 July 1993	2,223,212	1,282,384	940,828
Additions	600,837	529,403	71,434
Disposals	(77,198)	(77,198)	-
At 30 June 1994	2,746,851	1,734,589	1,012,262
Depreciation			
At 1 July 1993	1,597,057	1,023,099	573,958
Charge for the year	423,073	298,004	125,069
Disposals	(69,762)	(69,762)	-
At 30 June 1994	1,950,368	1,251,341	699,027
Net book value			
At 30 June 1994	796,483	483,248	313,235
At 30 June 1993	626,155	259,285	366,870

Computer equipment and furniture costing £1,063,196 was fully depreciated at 30 June 1994.

NOTES TO THE ACCOUNTS
Year ended 30 June 1994

7. STOCKS

	1994 £	1993 £
Paper and computer consumables	88,292	65,266

8. DEBTORS

	1994 £	1993 £
Trade debtors	1,401,833	1,188,808
Amounts owed by ultimate parent company	94,820	167,997
Amounts owed by parent company	794,029	922,773
Amounts owed by fellow subsidiaries	840,319	1,000,283
Prepayments	453,737	399,604
Corporation tax recoverable	-	35,020
	<u>3,584,738</u>	<u>3,714,485</u>

9. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY

	1994 £	1993 £
Taxation	106,637	486,235
Social Security	49,653	43,652
Pension contributions (Note 14)	32,416	22,520
	<u>188,706</u>	<u>552,407</u>

10. DEFERRED TAXATION

There is no liability for deferred taxation, either provided or unprovided as at 30 June 1993 or 30 June 1994.

11. CALLED UP SHARE CAPITAL

	1994 £	1993 £
Authorised, called up, allotted and fully paid 500,000 ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>

NOTES TO THE ACCOUNTS
Year ended 30 June 1994

12. CAPITAL COMMITMENTS

	1994 £	1993 £
Contracted for but not provided	12,671	276,428
Authorised but not yet contracted for	-	-

13. OPERATING LEASE COMMITMENTS

At 30 June 1994 the company was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings £	Other £
Leases which expire:		
Within one year	550	2,629
Within two to five years	24,733	166,895
After five years	295,000	-
	<u>320,283</u>	<u>169,524</u>

14. PENSION SCHEME

At the end of December 1991 the company decided to wind down its defined benefit scheme and the majority of employees have now been transferred out.

A few employees remain in the defined benefit scheme and at 30 June 1994 the company has provided £32,416 against the contributions due during the year in respect of these employees.

The company now operates a money purchase pension scheme for qualifying employees. The assets of the scheme are held in separate trustee administered funds.

15. ULTIMATE PARENT COMPANY AND PARENT COMPANY

The ultimate parent company is Automatic Data Processing Inc. which is incorporated in the United States of America. The parent company is ADP Network Services Limited, a company registered in England and Wales. Copies of the group financial statements of Automatic Data Processing Inc. may be obtained from One ADP Boulevard, Roseland, New Jersey, USA. Copies of the group financial statements of ADP Network Services Limited may be obtained from the Registrar of Companies, Crown Way, Maundy, Cardiff, CF4 3UZ.